

TEXAS UNIFORM UNINCORPORATED NONPROFIT ASSOCIATION ACT A SUMMARY

The Texas Uniform Unincorporated Nonprofit Association Act, (art. 1396-70.01, Texas Civil Statutes), was enacted effective September 1, 1995. The Act reforms the common law concerning unincorporated nonprofit associations in certain respects. An unincorporated nonprofit association is defined as an unincorporated organization consisting of three or more members joined by mutual consent for a common, nonprofit purpose. Under the Act, an unincorporated nonprofit association is treated for certain issues as a separate legal entity as opposed to an aggregate of individuals. The Act applies to all unincorporated nonprofit associations regardless of whether the entities are tax exempt under the provisions of state or federal law.

The Act deals with a limited number of major issues relating to these entities; namely, the authority of the entity to acquire, hold, and transfer property, especially real property, in its own name; the authority to sue and be sued as an entity; and the contract and tort liability of officers and members of the association. The Act also requires nonprofit associations to keep complete and correct books and records of account which the attorney general may examine. The attorney general is also authorized to investigate the association to determine whether a violation of a state law has occurred.

The Act provides for two discretionary filings: a statement of authority to transfer an estate or an interest in real property to be filed with the real estate records on the county level, and the appointment of an agent authorized to receive service of process on behalf of the nonprofit association. The filing of the statement of authority may be filed by the nonprofit association in the same office and in the same manner that a transfer of the real property would be recorded. The Act provides for the filing of an amendment or cancellation of the statement of authority. Unless canceled earlier, the statement is canceled by operation of law five years after the date of the most recent recording.

The appointment of an agent authorized to receive service of process on behalf of the nonprofit association is to be filed with the secretary of state. This filing is not the equivalent of filing articles of incorporation; it simply provides a method for a nonprofit association to receive notice of any lawsuit brought against it. The Act also provides for the filing of an amendment to the statement, a cancellation of the statement, as well as a resignation of the person named as authorized agent for the nonprofit association. The filing fees are as follows: initial appointment \$25; amendment \$5; and cancellation \$5. There is no fee for a resignation of agent. The secretary of state has promulgated forms for use by the unincorporated nonprofit association for this purpose. The form for appointing an agent for service of process is form number 706.